



BOARD OF DIRECTORS
KIRKWOOD MEADOWS PUBLIC UTILITY DISTRICT
33540 Loop Rd., P.O. Box 247, Kirkwood, CA 95646
Telephone (209) 258-4444

SPECIAL MEETING OF THE BOARD OF DIRECTORS
Friday, December 11, 2015 – 1:00pm
MEETING MINUTES

Eric Richert, Vice President
Peter Dornbrook, Secretary

BOARD MEMBERS
Robert Epstein, President

Standish O'Grady, Treasurer
Geoffrey Smith, Assistant Secretary

1. CALL TO ORDER

President O'Grady called the special meeting to order at 1:00pm.

President O'Grady

2. ANNOUNCEMENTS

General Manager Michael Sharp stated that this meeting is being fed live over the internet and that the public can view this meeting by going to our website, www.kmpud.com and following the appropriate link. If the public would like to make a comment they may send an email to msharp@kmpud.com and the Board will respond. Members of the public should identify themselves when making comments.

Manager Sharp

3. ROLL CALL

Board of Directors present: President O'Grady, Directors Epstein, Richert, Dornbrook and Smith.
Staff present: Manager Sharp, Rick Ansel, Brandi Benson, Kelly McBride and Sandy McKay.
Others present: Community Members Nancy Trevett and Melene Smith.

Secretary Dornbrook

4. COMMENTS FROM THE AUDIENCE

None.

5. CORRECTIONS TO THE AGENDA OR CONSENT CALENDAR

Manager Sharp requested to pull the Consent for Claims in order to discuss two payments, one to the IRS and one to Q&D Construction, and bring forward to Agenda Item 7 for discussion.

6. ADOPTION OF CONSENT CALENDAR

a. Regular Board Meeting Minutes: November 14, 2015

Approve November 14, 2015 Minutes

b. Employee Handbook

Approve Resolution 15-08 amending the following categories in the Employee Handbook:

- i. Workday Definition
- ii. Employee Exercise Program
- iii. Exempt Employee Positions
- iv. KVFD On-Call Policy

c. Receivables / Shut Offs

Review current Receivables/Shut Offs Report.

Moved Richert / Second Epstein / Richert Yes / Epstein Yes / O'Grady Yes / Dornbrook Yes / Smith Yes to approve the Consent Calendar as presented.

7. CONSENT ITEMS BROUGHT FORWARD FOR SEPARATE DISCUSSION / ACTION

The District recently received notice from the IRS of a \$5,225.46 late penalty for failing to submit payments on time during special payroll periods dating from FY 2012. Staff have been working with the IRS and now understand the process for special payroll filings, and will confirm with the auditors whether this penalty will have any impact on previous audits. Re Q&D Construction, Manager Sharp reminded the Board that the Out Valley project was awarded as a quantity-based bid per square foot. Final reconciliation of Q&D's costs discovered a discrepancy in the amount of \$18,211.70 that was not presented as a Change Order.

Manager Sharp recommended Board approval to pay both the IRS and Q&D invoices.

Moved O'Grady / Second Epstein / Richert Yes / Epstein Yes / O'Grady Yes / Dornbrook Yes / Smith Yes to approve the Consent for Claims as presented.

8. ITEMS FOR BOARD ACTION**a. Certificate of Appointment and Oath of Office of Standish O'Grady and Geoff Smith for Board of Director Positions Commencing December 4, 2015 and ending December 6, 2019.**

Manager Sharp

Manager Sharp presented Standish O'Grady and Geoff Smith with their Certificates of Appointment to assume 4-year terms as Board Directors, elected at-large, and as appointed by the Alpine County Board of Supervisors on November 3, 2015 pursuant to their Resolution No. R2015-58. Manager Sharp proceeded to administer the Oath of Office to each and congratulated both on their appointments.

b. Election of Board Officers: President, Vice President, Secretary, Treasurer and Assistant Secretary. *President O'Grady*

President O'Grady proposed the new assignment of Officer Positions within the Board as follows:

Bob Epstein, President
Eric Richert, Vice President
Standish O'Grady, Treasurer
Peter Dornbrook, Secretary
Geoff Smith, Assistant Secretary

Moved O'Grady / Second Smith / Epstein Abstain / Richert Yes / O'Grady Yes / Dornbrook Yes / Smith Yes to approve the new assignment of Board Officers as presented.

c. Annual Review and Possible Changes to the Board and Community Member Positions on the District's Committees and Possible Changes to Policy Statement 140, Committees and Related Charters. *President Epstein/Manager Sharp*

Manager Sharp presented a current list of the Standing Committees showing their membership and terms, and stated it is Staff's desire and recommendation to amend Policy Statement 140 (PS 140) regarding Committee Charters, to better adhere to current District practice and the Board's desire to encourage greater community participation and input. Specific changes to PS 140 and the Committee Charters will be brought forward by Staff for approval at the January Board meeting. Specific changes to provisions will include revising membership terms (currently one to three years to allow for a rotating membership), amend the requirement to produce Meeting Minutes to producing written Action Items instead, and have Community Members serve on only one Standing Committee at a time (except for the KVFD Summer Festival Committee). There are several changes of Community Members on the Standing Committees, and it was agreed to wait until January to make recommendations and confirm these memberships. The Board requested Staff include a notice of committee vacancies in the January Newsletter. Manager Sharp recommended the following Board Member appointments to the Committees, as follows:

Finance Committee. Chaired by Bob Epstein for the last two years, Manager Sharp recommended this Standing Committee be chaired by Standish O'Grady for the next two years, through 2017, with Eric Richert as the second Director member.

Planning Committee. Previously chaired by past Board member Bob Ende, Manager Sharp recommended this Standing Committee be chaired by Eric Richert with Geoff Smith as the second Director member on the Planning Committee.

Operations/Capital Projects Committee. Manager Sharp recommended that Director Dornbrook remain Chair of this Standing Committee, and appoint Geoff Smith as the second Board Member.

Personnel Committee. Manager Sharp stated that Bob Epstein, newly appointed President of the Board, will serve as Chairman of the Personnel Committee per PS 140, with Standish O’Grady as the second and only other Member of this Board Committee.

Moved O’Grady / Second Richert / Dornbrook Yes / Smith Yes / Epstein Yes / O’Grady Yes / Richert Yes to approve the Board Member positions on the following Committees:

| | |
|--------------|--|
| Finance: | Standish O’Grady, Chair Eric Richert, Director Member |
| Planning: | Eric Richert, Chair Geoff Smith, Director Member |
| Ops/Capital: | Peter Dornbrook, Chair Geoff Smith, Director Member |
| Personnel: | Bob Epstein, Chair Standish O’Grady, Director Member |

d. 1:30pm Timed Item: Presentation by Moss Adams and Discussion Regarding the New Requirements from GASB 68 on the Financial Reporting of the District’s Unfunded Pension Liability and Side Fund. Manager Sharp / Moss Adams

Manager Sharp reported that Olga Darlington from Moss Adams is calling in at the noted time to better describe, as requested by the Board, changes in the financial statements due to GASB 68 and reporting of the District’s Unfunded Pension Liability and Side Fund. Olga called in at 1:30pm and provided a power point presentation while answering questions from the Board and community members. The District must confirm that the information that CalPERS provides each year is accurate, including employee age, salaries and benefits that determine the amount of liability going forward with the Plan. At 1:56pm, with no further questions, Olga left the teleconference call.

e. Discussion and Possible Action Regarding the District’s Financials. Manager Sharp and Accounting Manager McBride

Lead: Finance Committee

Accounting Manager McBride presented the October Financials, November Forecast and Cash Water Fall, and answered questions from the Board. With the Resort opening on November 21 due to early snow and cold weather, the November forecast is favorable. Staff will continue to work with President Epstein on improving the presentation of the District’s financials once unforeseen issues (Timbercreek Townhome improvements, Depreciation, etc.) are netted out, to provide a clearer picture of the District’s current financial position.

e.iv. Update on Potential Refinancing of USDA Rural Utility Services “B8” Loan Draw #8, Loan Draw #9 and Loan Draw #10 to 30-Year Term Loans.

Manager Sharp reported that the Finance Committee has been working with Randy Finken on debt management strategies, and after a review of the District’s debt, suggested possible refinancing of several RUS loan draws to even out the future repayment schedule and take advantage of current low interest rates. The Board approved refinancing several RUS draws based on approval of Board members Standish O’Grady and Bob Epstein. An analysis was completed using several projected interest rates. It was the consensus of the Board to delay on the refinancing, due to the increased expense over the remaining term of the loans and the projected stability of long term interest rates.

f. **Discussion and Possible Action Regarding the District's Investigation to Complete a Rate Study for all Enterprise Services.** *Manager Sharp*

Lead: Finance Committee

Staff will prepare for a Special Board Meeting to be held on Monday, December 28th at 3:30pm to address the Rate Study and Rate Strategies. The purpose of this Special Meeting/Workshop will be to discuss standardizing methodology currently being used to calculate District Base Rates for four major departments (Electric, Propane, Water and Wastewater), and to review and possibly revise principles established at the December 23, 2013 Rate Strategy Workshop. A Notice and Agenda for this Rate Study meeting, including Objectives, will be distributed on December 21st.

g. **Update and Possible Action Regarding the Recent Outage of the District's Out Valley Fiber Optic Line.** *Manager Sharp*

Manager Sharp reported that on Saturday, November 28th PG&E informed the District that their telecommunications with KM Green was down. Staff verified that District equipment was also down, and recycling the power supply to KM Blue did not resolve the issue, indicating a physical problem with the line itself. This is the same line that went down at Silver Lake Bridge last winter. With recent bitter cold conditions, a similar ice buildup problem was suspected. This fiber line provides for the District's high speed protection on the 34.5 kV line, remote relay capabilities, CAISO meter reading, video cameras, telephone and PG&E monitoring.

District Staff and Edge Communications were on scene on December 2nd and determined the break was 25 miles from KM Blue and 3.1 miles from KM Green, pinpointing the problem along the Lower Bear River Reservoir Dam crossing. On December 3rd Edge installed a new 1,400' fiber optic line in the spare conduit and was able to complete the splicing by that evening. Edge was able to pull out the damaged cable; the shell was not broken but it is believed the glass fibers inside were damaged. Since the cable was initially difficult to remove, Edge suspects a similar ice buildup/expansion as occurred last time, although no ice was pulled out. A possibility is that water remaining in the conduit line froze, or that water infiltrated the bridge conduit at the couplers (which were reinstalled after the repair). After recycling the power supply, telecommunication abilities were restored with the exception of the PG&E SCADA. After PG&E testing, it appears that the T-1 card controlling equipment may be malfunctioning. The District has ordered a replacement card which is due to arrive on December 15th; Edge has been notified to return on December 17th to assist in the install and testing. PG&E has also been notified to be available for remote testing that day. As a precautionary measure District Staff will be inspecting the seals at both bridge crossings before the next storm, and are also researching the purchase of a reel of fiber, 3,500', to cover the longest span between vaults to replace what was just used, along with fiber splice kits to have on hand. Staff will also be working with Exponential and Edge to determine any other preventative measures which can be implemented. Staff will also contact Volcano for advice they may have on seepage and freezing lines with their fiber, and determine if arrangements can be made to potentially use each other's lines to enhance redundancy.

h. **Discussion and Possible Action Regarding On-Going Maintenance Associated with the Out Valley Power Line Project.** *Manager Sharp*

i. **Update on Caltrans Claim Associated with Costs Incurred in Relation to the Underground Portion of the Out Valley Project.** Manager Sharp reported that RCI has begun work on filing a claim with Caltrans related to the District having to realign the Out Valley Power Line into the roadway due to snow pole installation safety concerns. The draft narrative and a list of supporting documents were provided by RCI and forwarded to the Board. It is anticipated the claim will be finalized and submitted to Caltrans before Christmas.

ii. **Caples Lake Transformer Spill Containment.** A recent inspection by FERC (Federal Energy Regulatory Commission) pointed out that the District's transformer at the Caples Lake Dam, which serves the Resort's snowmaking operations, does not have spill containment in place for the 138 gallons of oil which it contains. This transformer was installed as part of the Resort's original Special Use Permit with the Forest Service and sits in the flood plain of the Caples Lake spillway. After a preliminary meeting with the Forest Service, containment measures that could be taken include building a concrete mote, installing an underground plastic system, replacing

- the oil with a less toxic oil, or applying for a waiver with a Spill Containment Inspection program in place. District Staff will continue to investigate acceptable options.
- iii. Winter Access. With the need to access the KM Green Substation for inspections, as well as the Out Valley overhead corridor, and considering the recent fiber line issues, District Staff appreciate the Board's decision to purchase the Bearcat 2000XT Snowmobile which has been out several times already this winter season. With enough snow, all of the Underground and 34.5 kV Overhead line is accessible by snowmobile.
- iv. 2016 Work Plan. Staff has begun developing the USFS 2016 Work Plan along the Out Valley Underground and Overhead corridors. Planned work for the summer of 2016 includes the regrading of access and Forest Service roads as needed along the Underground portion, installation of additional water bars and smaller water bars to protect utility vaults from water intrusion, revegetation as needed, and removal of potentially hazardous trees and limbs within the corridor. District Staff recently met with the USFS for guidance and have completed an Overhead inspection. A draft of the 2016 Work Plan will be provided at either the January or February Board meetings for review and comment.
- i. **General Update and Possible Action Regarding Meetings with PG&E and the Planning Phase of the Potential Switch Station Project.** *Manager Sharp*
 Manager Sharp reminded everyone that the District has communicated its concerns to PG&E with regard to the Cost of Ownership charges for the substation work done at Tiger Creek/Salt Springs, and the cost and need for construction of a Switch Station. PG&E has confirmed receipt of the District's communication and are meeting internally to determine a direction and counter proposal. The District is hoping to have a meeting scheduled with PG&E soon to discuss these issues.
- j. **Discussion and Possible Action Regarding Electric/Propane Usage and Meter Billing Issues at Several Locations** Including the Following: *Manager Sharp and Electric/Propane Manager Benson*
Lead: Operations/ Capital Committee
Mountain Club. As discussed at the last several Board meetings, Manager Sharp reported that the junction blocks at the Mountain Club main meter had been placed into maintenance mode, not allowing proper reading of the electric usage. An estimate of the unmetered usage over the last three years amounts to \$79,963. This was communicated to the Mountain Club HOA Board and a billing system has been set up to invoice them an additional \$3,331.79 over 24 months to pay back. Kirkwood Property Services (KPS), representing the Mountain Club Homeowners Association, informed the District of their concerns relating to verification of this unbudgeted amount, and that a letter detailing their concerns is forthcoming. Staff will contact the Mountain Club HOA and KPS re the status of their position letter and repayment schedule.
Snowmaking Compressor. Testing of the meter in November had good reads. The meter and CT's will be tested again once snowmaking operations have ended for the season. Staff will formulate a plan to check the accuracy and wiring of all Commercial meters and to check Residential meters as appropriate. Locking mechanisms have recently been installed on all Commercial meters. Staff will also continue to follow up on meter and billing issues as reported and follow District policy regarding back charges.
- k. **Discussion and Possible Action Regarding the District's and Vail's Ongoing Efforts to Resolve Electric Harmonics Issues in the Kirkwood Valley.** *Manager Sharp and Electric/Propane Manager Benson*
Lead: Operations/ Capital Committee
 As previously discussed, District Staff and Exponential Engineering's Dave Rightley have met with Vail Resorts' engineers to discuss ways and means to resolve the harmonics produced from the chairlifts that exceed District standards. Staff will continue to work on a harmonics resolution plan with Vail Resorts, including the possibility of installing filters on Chairs 4, 5 and 11. A response from Vail is expected by the end of the first quarter of 2016.

I. Discussion and Possible Action Related to District's Research and Efforts to Improve the Efficiencies and Minimize the Losses of Each Department as Measured in Performance Reporting. *Electric/Propane Manager Benson*

Lead: Operations/ Capital Committee

Electric/Propane Manager Benson provided an update on Performance Reporting for Electric, Propane, Water and Wastewater for the five-month period ending November 30, 2015, noting Electric Distribution Losses for the month of November of 3.9% Commercial, 8.6% Lifts and 3.1% Residential. District Staff will concentrate on electric system losses, and will develop a proposal for a propane master meter for Board consideration at a later date.

9. GENERAL MANAGER REPORT

- a. County Discussions. The Planning Committee has begun a dialogue with County Supervisors Terry Woodrow from Alpine and Lynn Morgan from Amador to address three areas of concern:
- Specific Plan Mitigation Measures and how the District may be able to assist the Counties with monitoring requirements and collecting compliance records;
 - Employee Housing and how the Community can come together to fix a broken system and revise the existing Ordinance as contained in the Specific Plan; and
 - Request County assistance in identifying funding sources to help staff the Fire Department and allow for potential growth in the Valley.

Manager Sharp reported that Fire Department funding will be addressed as a separate issue with the Counties in the future. A meeting scheduled to discuss Specific Plan Mitigation Measures and Employee Housing was set to take place this morning, but was cancelled due to weather. This meeting has been rescheduled for Friday, January 8th, weather permitting.

- b. RUS Site Visit. Rodney Peach, a General Field Representative with the RUS out of Spokane, WA, arrived for an inspection of the Out Valley project on December 9th. Staff gave him a tour of the Powerhouse and accessible portions of the Underground line, as well as a slide show documenting construction of the Out Valley project. Mr. Peach offered to provide information on a High Energy Cost Grant that the District may wish to pursue, as well as providing additional information on the RUS Cushion of Credit program.
- c. Emergency Authorization. A Resolution has been drafted to delegate emergency contracting authority to the General Manager, and provides for his authority to take all actions directly necessary to immediately respond to an emergency without giving public notice for bids to let contracts for such work during the period of the declared emergency, including procuring necessary services, equipment, materials and supplies. This Resolution will be included on the January Board Agenda for discussion and possible approval.
- d. Water Conservation. California is currently under a 25% water conservation mandate and is considering extending this beyond the current February 2016 expiration date. The Kirkwood community is very committed to conserving water. The District's 2015 water production shows a 45% decrease when compared to 2013.
- e. Holiday Party. The District's annual holiday party is set for 6:00pm this evening in the Wall Bar.

10. OPERATIONS REPORT *Rick Ansel, Assistant Manager, Operations*

Assistant Manager Ansel reported on the following:

- a. Water/Wastewater. Well 4/5 Aquifer levels are doing well, about 181 feet above the pumps. This same time last year, the level was 143 feet. The WWTP Equipment Layout issues have been resolved, membranes are performing well, and Staff will continue inspections on the wastewater side in preparation for an El Nino winter. The District was notified by the State on November 20th to prepare wastewater collection, treatment and disposal systems for El Nino, and the District will respond with a letter confirming measures are in place. The District also provided its responses to a November inspection of the WWTP by the State Drinking Water agency, and has satisfied their

requests. An update on the status of manhole inserts, which prevent water from getting into the manholes and wastewater system, will be provided at the next Board meeting.

- b. Fire Department. The Kirkwood Volunteer Fire Department has received Vail Resorts' Epic Promise approval for contributing to the 2016 fundraising efforts. The KVFD Summer Festival Committee will start meeting again in January to begin organizing the 2016 July 4th event.
- c. Snow Removal. The Department is very grateful to be busy however equipment maintenance and repairs have been challenging as well as scheduling Staff. A new seasonal operator has been hired to help relieve Staff in other departments who are covering Snow Removal as well. Assistant Manager Ansel also reported that orange bamboo poles are available to purchase for \$3 each at the Front Desk in Administration, and are a great tool for marking your driveway and buried obstacles. As a reminder, the Snow Removal phone number is 209-256-9121 to request plowing or to schedule a day for service when planning to come up.

11. STANDING COMMITTEE REPORTS

- a. Finance. As the only committee that met in December, Chairman Epstein stated that everything has already been covered herein.

President O'Grady noted that annual reviews of the Finance, Operations/Capital Projects, and Personnel Committee Charters are due, and requested this be an agenda item on each of the Committee meetings in January. Director Richert noted that reviews of Committee Charters should address not only achievements, but also whether participation within the Committee is engaging to its members.

12. GENERAL DISCUSSION

Director O'Grady asked that a pdf of the power point presentations from Board Meetings be added to Box; Staff will include a copy in the appropriate folders. Staff will also note in the January Newsletter the availability of bamboo poles to purchase from the District.

13. CLOSED SESSION

- a. **Discussion of Performance Reviews for All Employees Pursuant to GC 54957.6**

The Board adjourned at 3:28pm to Closed Session.

14. OPEN SESSION

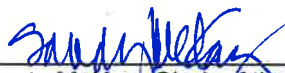
The Board reconvened after discussing Performance Reviews for all District employees. The Board approved an amount of \$10,225.31 in Performance compensation for Staff, to be distributed at the discretion of the General Manager.

15. **ADJOURNMENT** (*The next Special Board Meeting will be held on December 28, 2016 at 3:30pm. The next Regular Board Meeting is Saturday, January 9, 2016 at 8:00am*)

There being no further business, the meeting was adjourned at 4:20pm.



Peter Dornbrook, Board Secretary
Kirkwood Meadows Public Utility District



Sandy McKay, Clerk of the Board
Kirkwood Meadows Public Utility District